

Message Text

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ORIGIN STR-07

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01
DOE-11 /105 R

DRAFTED BY STR/JDGREENWALD:TK
APPROVED BY STR/AWWOLFF
-----059331 170502Z /11
P 170015Z FEB 78
FM SECSTATE WASHDC
TO USMISSION GENEVA PRIORITY

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E.O. 11652: N/A

TAGS: MTN, ETRD

SUBJECT: SUBSIDIES/CVD

1. ON WEDNESDAY, FEBRUARY 15, THE MTN STEERING GROUP OF THE TPRG, CHAIRED BY AMBASSADOR WOLFF, MET TO REVIEW SUBSIDIES/COUNTERVAILING DUTIES. ASSISTANT SECRETARIES BERGSTEN OF TREASURY AND WEIL OF COMMERCE AND DEPUTY UNDER SECRETARY SAMUEL OF LABOR, AS WELL AS OFFICIALS FROM STATE AND AGRICULTURE, PARTICIPATED. THERE WAS EMPHATIC AGREEMENT THAT WITHOUT A SATISFACTORY RESULT ON SUBSIDIES/CVD, WE WOULD NOT BE IN A POSITION TO CONCLUDE THE MTN. CONTINUATION OF THE STATUS QUO IN THIS AREA IS ABSOLUTELY UNACCEPTABLE TO THE PRIVATE SECTOR AND THE CONGRESS AS WELL AS TO EACH OF THE AGENCIES AT THE MEETING.

2. TREASURY/STR DRAFT TRANSMITTED TO GENEVA SERVED AS THE LIMITED OFFICIAL USE

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BASIS FOR DISCUSSION. WHILE THERE WERE SOME QUESTIONS OVER THE DETAILS, THERE WAS BROAD AGREEMENT THAT, EXCEPT FOR AGRICULTURE, THE APPROACH TO SUBSIDIES/CVD IN THE PAPER REPRESENTED A GOOD TARGET FOR U.S. EFFORTS IN THE NEGOTIATIONS.

3. THE AGRICULTURAL SECTION OF THE PAPER HAS BEEN

REVISED IN A MANNER THAT PROVIDES COMMITMENT NOT TO USE

EXPORT SUBSIDIES IN THE FORM OF GOVERNMENT EXPENDITURES UNLESS (1) THEY ARE IN ACCORDANCE WITH PROVISIONS OF INTERNATIONAL AGREEMENTS OR UNDERTAKINGS OR (2) DO NOT AUGMENT A COUNTRY'S SHARE OF THE WORLD MARKET OR AN INDIVIDUAL COUNTRY MARKET FOR A PARTICULAR PROJECT. ON THE COUNTERVAILING DUTY SIDE, INJURY WOULD INCLUDE INTERFERENCE IN DOMESTIC FARM SUPPORT PROGRAMS OR OTHER INTERFERENCE WITH ORDERLY MARKETING OF AGRICULTURAL PRODUCTS.

4. OVERRIDING CONCERN AT MEETING WAS DIFFICULTY IN FASHIONING A SUBSIDY/CVD PACKAGE WHICH IS NEGOTIABLE INTERNATIONALLY AND SALEABLE DOMESTICALLY. THE PROBLEM OF INCLUDING AN INJURY STANDARD IN THE U.S. LAW WAS EMPHASIZED REPEATEDLY. HOWEVER, THERE WAS GENERAL AGREEMENT THAT UNDER THE PROPOSED APPROACH (IN PARTICULAR THE IDEA OF PRIMA FACIE IMPAIRMENT FOR VIOLATION OF COMMITMENT ON SUBSIDIES) AN INJURY REQUIREMENT COULD BE INCLUDED IN THE CVD LAW. IN THIS REGARD, IT WAS POINTED OUT THAT THE INJURY TEST IN THE PROPOSED APPROACH PROVIDES NECESSARY FLEXIBILITY. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUBSIDIES, US CONGRESSIONAL HEARINGS, COUNTERVAILING DUTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE041883
Document Source: CORE
Document Unique ID: 00
Drafter: TK
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780073-0127
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780240/aaaabhvk.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bee4a2d4-c288-dd11-92da-001cc4696bcc
Office: ORIGIN STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3558743
Secure: OPEN
Status: NATIVE
Subject: SUBSIDIES/CVD
TAGS: ETRD, MTN
To: GENEVA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/bee4a2d4-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014